

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Money Transmitter License
3 of:

No. 06F-BD050-BNK

4 **GROUPEX FINANCIAL CORPORATION**
5 14849 Firestone Boulevard
6 La Mirada, CA 90638

CONSENT ORDER

Petitioner.

7 On June 5, 2006, the Arizona Department of Financial Institutions ("Department") issued a
8 Notice of Hearing alleging that Petitioner had violated Arizona law. Wishing to resolve this matter
9 in lieu of an administrative hearing, Petitioner does not contest the following Findings of Fact and
10 Conclusions of Law, and consent to the entry of the following Order.

11 **FINDINGS OF FACT**

12 1. Petitioner GroupEx Financial Corporation (hereinafter "GroupEx") is a Delaware
13 corporation authorized to transact business in Arizona as a money transmitter, license number
14 MT 0904507, within the meaning of A.R.S. §§ 6-1201, *et seq.* The nature of GroupEx's business is
15 that of a money transmitter within the meaning of A.R.S. § 6-1201(11).

16 2. Benjamin L. Knoll ("Mr. Knoll") is the C.E.O. of GroupEx

17 3. A July 25, 2005 examination of GroupEx, conducted by the Department, revealed that
18 GroupEx:

19 a. Failed to prominently display its authorized delegate notices, as prescribed by the
20 Superintendent, at three (3) authorized delegate locations; specifically:

21 i. **Libreria Vida Abundante**, 6719 West Thomas Road, Phoenix;

22 ii. **La Nuevavilla**, 2049 Acoma Blvd., Lake Havasu;

23 iii. **Casa Duarte**, 8214 West Indian School, Phoenix; and

24 iv. Failed to correct this violation from its prior examination;

25 b. Failed to include, in contracts with authorized delegates, an appendix containing a
26 current copy of A.R.S. Title 6, Chapter 12;

- i. Failed to include the aforementioned appendix in their contract with De Leon Western Wear; and
- ii. Failed to correct this violation from its prior examination;
- c. Failed to maintain its records in a manner that enables the Superintendent to determine compliance;
 - i. Respondents provided the Department with incomplete data upon initial and subsequent requests; and
 - ii. Respondents provided inconsistent and missing data to the Department;
- d. Failed to file at least forty seven (47) Suspicious Activity Reports ("SARs") with the Arizona Attorney General's Office within the required thirty (30) day period;
- e. Failed to file at least ninety seven (97) duplicate SARs with the Arizona Attorney General's Office within the required thirty (30) day period, and failed to correct this violation from its prior examination;
- f. Failed to keep adequate records of customers' identities, occupations, social security numbers, residences, and signatures in connection with thirteen (13) wire and ten (10) money order transactions between \$1,000.00 and \$3,000.00. Specifically:
 - i. The following authorized delegates failed to produce the aforementioned records with respect to thirteen (13) wire transactions:
 - a. **De Leon Western Wear**—one (1) transaction;
 - b. **Mexico Express**—four (4) transactions;
 - c. **Casa Duarte**—four (4) transactions;
 - d. **Casa Latina Mama Lola**—two (2) transactions; and
 - e. **Llantera Del Valle**—two (2) transactions;
 - ii. The following authorized delegate failed to produce the aforementioned records with respect to ten (10) money orders:
 - a. **Casa Duarte**—ten (10) transactions;

1 g. Failed to update its policies and procedures manual to include changes made to the
2 Arizona money transmitter statutes and failed to correct this violation from its prior
3 examination.

4 4. Based upon the above findings, the Department issued and served upon GroupEx an
5 Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order ("Cease
6 and Desist Order") on April 18, 2006.

7 5. On May 18, 2006, Petitioner filed a Request For Hearing to appeal the Cease and Desist
8 Order.

9 6. Petitioner has voluntarily agreed to take corrective action and has attempted to comply
10 with the Department's requests. However, such finding does not waive any provisions of this
11 Consent Order.

12 CONCLUSIONS OF LAW

13 1. Pursuant to A.R.S. §§ 6-1201, *et seq.*, the Superintendent has the authority and duty to
14 regulate all persons engaged in the money transmitter business and with the enforcement of statutes,
15 rules, and regulations relating to money transmitters.

16 2. By the conduct set forth in the Facts, GroupEx violated the following:

- 17 a. A.R.S. § 6-1207(C) by failing to prominently display its authorized delegate notices,
18 as prescribed by the Superintendent, at authorized delegate locations;
- 19 b. A.R.S. § 6-1208(B) by failing to include, in contracts with authorized delegates, an
20 appendix containing a current copy of A.R.S. Title 6, Chapter 12;
- 21 c. A.R.S. § 6-1213(A) by failing to maintain its records in a manner that enables the
22 Superintendent to determine compliance;
- 23 d. A.R.S. § 6-1241(A) by failing to file at least forty seven (47) SARs within the
24 required thirty (30) day period, with the Arizona Attorney General's Office;
- 25 e. A.R.S. § 6-1241(B) by failing to file at least ninety seven (97) duplicate SARs with
26 the Arizona Attorney General's Office, within the required thirty (30) day period;

1 f. A.R.S. § 6-1241(E) by failing to keep adequate records of customers' identities,
2 occupations, social security numbers, residences, and signatures with respect to
3 twenty three (23) money order and wire transactions between \$1,000.00 and
4 \$3,000.00; and

5 g. A.R.S. § 6-1241(E) by failing to update its policies and procedures manual to include
6 changes made to the Arizona money transmitter statutes.

7 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order
8 pursuant to A.R.S. § 6-137 directing Petitioner to cease and desist from the violative conduct and to
9 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
10 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
11 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
12 suspension or revocation of Petitioner's license pursuant to A.R.S. § 6-1210; and (4) an order or any
13 other remedy necessary or proper for the enforcement of statutes and rules regulating money
14 transmitters pursuant to A.R.S. §§ 6-123 and 6-131.

15 **ORDER**

16 1. GroupEx shall immediately stop the violations set forth in the Findings of Fact and
17 Conclusions of Law. GroupEx shall:

- 18 a. prominently display its authorized delegate notices, as prescribed by the
19 Superintendent, at authorized delegate locations;
- 20 b. include, in contracts with authorized delegates, an appendix containing a current
21 copy of A.R.S. Title 6, Chapter 12;
- 22 c. maintain their records in a manner that enables the Superintendent to determine
23 compliance;
- 24 d. file SARs with the Arizona Attorney General's Office within the required thirty
25 (30) day period;
- 26 ...

- 1 e. file duplicate SARs with the Arizona Attorney General's Office within the
2 required thirty (30) day period;
3 f. keep adequate records of customers' identities, occupations, social security
4 numbers, residences, and signatures involving transactions of \$1,000.00 or more,
5 including for any "Money Order *Plus*" transactions; and
6 g. update its policies and procedures manual to include changes made to the Arizona
7 money transmitter statutes.

8 2. GroupEx Financial Corporation shall immediately pay to the Department a civil
9 money penalty in the amount of fifteen thousand dollars (\$15,000.00).

10 3. GroupEx Financial Corporation shall immediately pay to the Department the amount
11 of ten thousand dollars (\$10,000.00) for its investigative costs and attorneys fees in this matter to be
12 remitted to the agency's revolving fund pursuant to A.R.S. § 6-135.

13 4. The provisions of this Order shall be binding upon Petitioner, its employees, agents,
14 and other persons participating in the conduct of the affairs of Petitioner.

15 5. This Order shall be come effective upon service, and shall remain effective and
16 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
17 or set aside.

18 SO ORDERED this 20th day of July, 2006.

19
20 

21 Felecia A. Rotellini
22 Superintendent of Financial Institutions

23 **CONSENT TO ENTRY OF ORDER**

24 1. Petitioner acknowledges that it has been served with a copy of the foregoing Findings
25 of Fact, Conclusions of Law, and Order in the above-referenced matter, has read the same, is aware
26 of its right to an administrative hearing in this matter, and has waived the same.

2. Petitioner admits the jurisdiction of the Superintendent and consent to the entry of the foregoing Findings of Fact, Conclusions of Law, and Order.

3. Petitioner acknowledges that no promise of any kind or nature has been made to induce it to consent to the entry of this Order, and that it has done so voluntarily. Petitioner's execution of this Order precludes the Department from any further action against GroupEx arising out of or relating to the Department's Findings of Fact and Conclusions of Law set forth above. Nothing in this Order, nor any act (including, but not limited to, the execution of this Order) of GroupEx shall be treated, construed, or deemed as an admission by GroupEx of any liability, fault, responsibility, or guilt of any kind, all such liability, fault, responsibility, or guilt of any kind being expressly denied.

4. Petitioner acknowledges that the acceptance of this Agreement by the Superintendent is solely to settle this matter and does not preclude this Department, any other agency or officer of this state or subdivision thereof from instituting other proceedings as may be appropriate now or in the future.

5. Benjamin L. Knoll on behalf of GroupEx Financial Corporation, represents that he is the C.E.O., and that, as such, has been authorized by GroupEx Financial Corporation to consent to the entry of this Order on its behalf.

6. Petitioner waives all rights to seek judicial review or otherwise to challenge or contest the validity of this Order.

DATED this 11 day of JULY, 2006.

Benjamin L. Knoll
Benjamin L. Knoll, C.E.O.
GroupEx Financial Corporation

1 ORIGINAL of the foregoing filed this 20th
2 day of July, 2006, in the office of:

3 Felecia A. Rotellini, Superintendent of Financial Institutions
4 Arizona Department of Financial Institutions
5 ATTN: June Beckwith
6 2910 N. 44th Street, Suite 310
7 Phoenix, AZ 85018

8 COPY mailed same date to:

9 Daniel G. Martin, Administrative Law Judge
10 Office of the Administrative Hearings
11 1400 West Washington, Suite 101
12 Phoenix, AZ 85007

13 Craig A. Raby, Assistant Attorney General
14 Office of the Attorney General
15 1275 West Washington
16 Phoenix, AZ 85007

17 Robert D. Charlton, Assistant Superintendent
18 Stephen Rosenthal, Senior Examiner
19 Arizona Department of Financial Institutions
20 2910 N. 44th Street, Suite 310
21 Phoenix, AZ 85018

22 AND COPY MAILED SAME DATE by
23 Certified Mail, Return Receipt Requested, to:

24 Benjamin L. Knoll, C.E.O.
25 GroupEx Financial Corporation
26 14849 Firestone Boulevard
La Mirada, CA 90638
Petitioner

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Katosha Nakai, Esq.
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